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Date of Meeting: June 20, 2006

**LOUDOUN COUNTY BOARD OF SUPERVISORS  
BOARD MEMBER INITIATIVE**

**SUBJECT: Board direction to the County Administrator on Advertisement of Tax Rate for Next Year's Budget Deliberations**

**ELECTION DISTRICT: Countywide**

**CRITICAL ACTION DATE: At the Discretion of the Board of Supervisors**

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**BACKGROUND:** Every year the Board of Supervisors reacts to the budget proposed by the County Administrator, and then proceeds to go through numerous trying budget work-sessions in order to attempt to produce a budget that a majority of the Corporate Board can support.

This is a difficult process for not only the Board and the public, but the staff as well, because they have worked for months to produce a budget only to have it picked apart by Board members.

The responsibility for setting the Budget rests on the Board of Supervisors, and the most contentious issue always centers on the tax rate. This will be an especially important issue next year because unlike in previous years, we are not expecting to see large increases in assessed property values. It is very possible that assessed values will remain flat or even possibly decrease.

The purpose of this item is for the Board of Supervisors to provide direction to the County Administrator on the maximum tax rate to be advertised for the budget process. This will give staff and the County Administrator up front direction for the preparation of the proposed budget.

**Suggested Motions**

1a. I move the Board of Supervisors Suspend the Rules

And

1b. I move the Board of Supervisors direct the County Administrator not to advertise a real property tax rate (or combination of a real property tax rate and fire and rescue special tax rate) that is greater than \$0.89 per \$100 of assessed value for next year's budget process, and to prepare a proposed FY 2008 Budget that conforms to these spending constraints.

Date of Meeting: July 5, 2006

**LOUDOUN COUNTY BOARD OF SUPERVISORS  
ACTION ITEM  
BOARD MEMBER INITIATIVE**

#12.

**SUBJECT: Tax Revenue for FY08**

**INITIATED BY** Supervisor Stephen J. Snow (Dulles)

**ELECTION DISTRICT:** Dulles

**Reviewed by Staff:**

Yes \_\_\_\_\_  
No   X  

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**BACKGROUND:**

Given the potential adverse impact on Loudoun County's revenue due to loss of property tax revenue resulting from potentially lowered property tax valuations and loss of property tax and land tax from rural land use policy, I propose that the following actions be taken to ensure that the citizens of Loudoun County incur a tax rate based on fairness, equity, and County "need" rather than County "like":

1. Make the county land fill pay for all land fill operations, administration and equipment – 1 cent.
2. Make the county land fill tip fees offset one cent – 1 cent
3. Sell former Saudi site for maximum value – estimate tax savings of 2-3 cents.
4. Equalize land taxation evaluation and rates (see Attachment 1) – estimate tax savings of 2-3 cents
5. Inform LCPS that their budget will be increased from 2007 final budget only by inflation rate, 3% teacher raise, any school staffing for new schools coming on line, a 3% school bus driver pay increase and fuel cost adjustments – cost 3 cents.
6. Double fines for Speeding Violations in Residential areas along Rts. 606, 621 and 659.
7. Eliminate any local tax money to build roads already proffered by a developer

**DRAFT MOTION:**

I therefore move that the Finance Committee review proposals one through seven (tax rate savings of 3 to 6 cents) to determine if additional tax rate savings can be obtained and to establish a county tax structure that is equalized across the county. I further move that this review be brought back to the BOS NLT the first Board in October, 2006 for inclusion in the 2008 budget determination.

## EQUALIZATION OF TAXES IN LOUDOUN COUNTY

In Loudoun County there are two components used for determining what individuals will pay in regards to their "real estate assessments" which is multiplied by the tax rate to determine the amount of taxes residents will pay to Loudoun County.

First, is the assessment on improvements, including anything documented by Loudoun County that you have on the land or property other than the land itself. Examples of this are your primary residence including finished basements, garages, pools, sheds or outbuildings and decks. For new homes the county will look at the building permit all the way to the occupancy permit to determine the improvements. On resale homes the county depends on the sales price that was recorded at the Court House. Every two to three years appraisers from the County Assessment Office go back out to the communities to update their assessments.

Second, is the assessment of the land, including the size of the parcel, location of the property and condition of the land (for example, is public water and sewer available to the property). Other conditions include the base density that is allowed and the ability of the property to be subdivided for future value, the existence of flood plains, steep slopes, access to property and amenities that surround the property.

In regards to the land assessment component, I believe the new Zoning Ordinance creates a situation where land in Western Loudoun will be assessed and taxed inequitably as compared to land in Eastern Loudoun. I believe this could create a situation where the equalization of land between the East and the West will be unfair.

Currently the requirement (Rural Policy Area Re-Mapping) in the Rural Policy Area requires either 20 acres in the one area and 40 acres in the other, then why would we continue to allow residents to pay less than their fair share of real estate taxes and being the Land Use Tax Program owning less than the base density?

Currently the Land Use Programs allow for properties greater than 10 acres to abate their taxes. These properties could certainly have less than the 20 to 40 acres as required by the Zoning Ordinance, yet they have a minimal tax they pay above the improvement to their house a base around their house that could be as small as one acre, but in most cases no larger than 3 acres, again why?

For the residents in eastern Loudoun they have no such luxury, they pay for their quarter acre or less the same base as someone on three acres. Again the question is why?

I believe we need to have the Finance Committee look at how we ensure that the tax structure is equal across the county. If the base density is a 20 acre lot or a 40 acre lot there should be no reduction in taxes, this is simply a choice of lifestyle. We also need to look at what are the tax breaks as elected officials we are giving these property owners, and what is the county as a whole benefiting from these breaks. Lastly we need to look at the Land Use Program as well as the Open Space Program to determine what changes to the tax breaks should be reconsidered because of the new zoning ordinance.